

**STATE OF CALIFORNIA
DEPARTMENT OF INSURANCE
45 Fremont Street
San Francisco, California 94105**

**NOTICE OF PROPOSED ACTION AND NOTICE OF PUBLIC HEARING
REGARDING PRIVATE PASSENGER AUTOMOBILE RATES
FOR THE CALIFORNIA AUTOMOBILE ASSIGNED RISK PLAN**

RH04036677

May 14, 2004

SUBJECT OF HEARING

The California Insurance Commissioner will hold a public hearing to consider the application of the California Automobile Assigned Risk Plan ("CAARP") to increase private passenger automobile rates referenced in California Code of Regulations, Title 10, Section 2498.5.

AUTHORITY TO ADOPT RATES

The Commissioner will consider the proposed rates pursuant to the authority vested in him by California Insurance Code Sections 11620 and 11624. Government Code Section 11343(a) applies to this proceeding.

HEARING DATE AND LOCATION

Notice is hereby given that a public hearing will be held to permit all interested persons the opportunity to present statements or arguments, orally or in writing, with respect to the proposed rates at the following date, time, and place:

Date and Time:	July 8, 2004 10:00a.m.
Location:	45 Fremont Street 22 nd Floor Hearing Room San Francisco, California 94105

INFORMATIVE DIGEST

Pursuant to California Insurance Code Sections 11620 and 11624, the Commissioner sets rates to be charged to those obtaining coverage through the California Automobile Assigned Risk Plan (CAARP). California Code of Regulations, Title 10, Section 2498.5 references the simplified manual of rules and rates, which is approved by the Commissioner but not printed in full in the California Code of Regulations. CAARP has proposed an overall average **24.9 percent rate increase** for private passenger automobile insurance coverages. The proposed changes are shown on the attached page entitled "Summary of Rate Level Indications". Further details appear in the application on file with the Commissioner, which is available for review, as set forth below.

TEXT OF RATE APPLICATION AND INITIAL STATEMENT OF REASONS

The Insurance Commissioner has prepared an initial statement of reasons for the proposed rate change, in addition to the informative digest included in this notice. Upon written request, the initial statement of reasons will be made available for inspection or copying. Written requests for the statement of reasons, or specific questions regarding this proceeding, should be directed to the contact person for these hearings (listed below).

The file for this proceeding is available for inspection **by prior appointment** at 45 Fremont Street, 21st Floor, San Francisco, California 94105, between the hours of 9:00 a.m. and 4:30 p.m., Monday through Friday.

ACCESS TO HEARING ROOMS

The facilities to be used for the public hearing are accessible to persons with mobility impairments. Persons with sight or hearing impairments are requested to notify the contact person for these hearings (listed below) in order to make special arrangements, if necessary.

PRESENTATION OF ORAL AND/OR WRITTEN COMMENTS: CONTACT PERSON

All persons are invited to submit written comments to the Commissioner prior to the public comment deadline. Comments should be addressed to the following contact person:

California Department of Insurance
Attention: Michael Riordan
45 Fremont Street, 21st Floor
San Francisco, CA 94105
(415) 538-4226
riordanm@insurance.ca.gov
or
California Department of Insurance
Attention: Elizabeth Mohr
45 Fremont Street 21st Floor
San Francisco, CA 94105
(415) 538-4112

Any interested person may present oral and/or written testimony at the public hearing. Written comments transmitted via facsimile machine will be accepted and considered. The facsimile number is (415) 904-5490. Written comments may also be submitted by e-mail to riordanm@insurance.ca.gov. If submitting written comments please limit them to one of the above mentioned options.

ADVOCACY OR WITNESS FEES

Persons or groups representing the interest of consumers may be entitled to reasonable advocacy fees, witness fees, and other reasonable expenses, in accordance with the provisions of California Code of Regulations, Title 10, Sections 2662.1-2662.6 in connection with their participation in this matter. Interested persons must submit a Petition to Participate, as specified in California Code of Regulations, Title 10, Section 2661.4. The Petition to Participate must be submitted to the Commissioner at the Office of the Public Advisor at the following address:

California Department of Insurance
Office of the Public Advisor
300 Capitol Mall Suite, 1700
Sacramento, CA 95814
(916) 492-3500

A copy of the Petition to Participate must also be submitted to the contact person for this hearing (listed above). For further information please contact the Office of the Public Advisor.

DEADLINE FOR WRITTEN COMMENTS

Written comments on the proposed new rates must be **received** at the San Francisco office of the Commissioner by 5:00 p.m. before or on the date of the hearing. Late submissions will not be considered.

ALTERNATIVES

The Commissioner must determine that no alternative considered by the Commissioner would be more effective in carrying out the purpose for which the action is proposed or would be as effective and less burdensome to affected private persons than the proposed action.

COST OR SAVINGS AND MANDATE ON AGENCIES OR SCHOOL DISTRICTS

The Commissioner has determined that the proposal does not impose a mandate on local agencies or school districts. The proposal will not result in any cost or in significant savings to state agencies, or in costs to local agencies or school districts for which Part 7 (commencing with Section 17500) of Division 4 of the Government Code would require reimbursement, or in other nondiscretionary costs or savings imposed on local agencies.

IMPACT ON HOUSING COSTS

The action proposed herein will not affect housing costs.

IMPACT ON BUSINESSES, COMPETITION OR COMPETITIVENESS

Because the proposal involves a rate change for private passenger automobile rates, the proposal will not have a significant adverse impact on business, or on small business, including the ability of California businesses to compete with businesses in other states. The proposal will not have an adverse impact on competition or competitiveness. The proposal will not negatively affect the creation or elimination of jobs in California, the creation of new businesses, the elimination of existing businesses, or the expansion of businesses in California.

COST IMPACT ON PRIVATE PERSONS OR ENTITIES

The Insurance Commissioner has determined that the proposal will not impact businesses but will impact private persons directly affected.

FEDERAL FUNDING TO THE STATE

The proposal will not affect federal funding.

NON-DISCRETIONARY COSTS OR SAVING

The proposal will not impose any non-discretionary cost or savings on local agencies.

PLAIN ENGLISH

The application describing the proposal is in plain English. However, the application itself is based on technical actuarial principles.

SPECIFIC TECHNOLOGIES OR EQUIPMENT

Adoption of the proposal would not mandate the use of specific technologies or equipment.

COMPARABLE FEDERAL LAW

There are no comparable existing federal regulations or statutes.

AUTOMATIC MAILING

A copy of this notice is being sent to all persons on the Insurance Commissioner's mailing list.

Dated: _____

JOHN GARAMENDI
Insurance Commissioner

By _____
Michael Riordan
Staff Counsel